

Message Text

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TAGS: PINT, BGEN, SCUL, CA
SUBJ: CHAIRMAN OF ROYAL BANK GIVES SPEECH ON PQ LANGUAGE POLICY

1. BEGIN SUMMARY: CHAIRMAN OF ROYAL BANK GAVE SPEECH YESTERDAY TO MONTREAL CHAMBER OF COMMERCE OUTLINING CONCERNS OF FIRMS WITH HEAD OFFICES IN QUEBEC OVER EFFECTS OF PROPOSED PA LANGUAGE POLICY. GOVERNMENTS PROPOSED LANGUAGE POLICY, MCLAUGHLIN SAID, WAS NOT LIKELY TO ENCOURAGE HEAD OFFICES TO ESTABLISH, OR EVEN TO REMAIN IN MONTREAL. ABILITY TO OPERATE HEAD OFFICES IN ENGLISH IS ESSENTIAL. WHILE GOVERNMENT MUST RECOGNIZE SPECIAL NEEDS OF HEAD OFFICES, COMMUNITY AND EDUCATIONAL ENVIRONMENT IS EXTREMELY IMPORTANT AS WELL, SINCE FIRMS ARE ALREADY FINDING IT DIFFICULT TO ATTRACT PERSONNEL TO QUEBEC. END SUMMARY.
2. PRESIDENT AND CHAIRMAN OF ROYAL BANK EARLE MCLAUGHLIN YESTERDAY GAVE WHAT WE BELIEVE WAS ONE OF MOST IMPORTANT AND RELEVANT SPEECHES TO DATE ON BUSINESS ATTITUDES TOWARD LANGUAGE POLICY IN QUEBEC. SPEECH WAS UNIQUE IN THAT IT WAS GIVEN IN ENGLISH BEFORE FRANCOPHONE MONTREAL CHAMBER OF COMMERCE. IT WAS MOST SUCCESSFUL SPEECH TO DATE IN EXPLAINING THE DIFFERENCE
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BETWEEN A HEAD OFFICE AND A BRANCH OR DISTRICT OFFICE, AND WHY ENGLISH IS IMPORTANT FOR A HEAD OFFICE OPERATION.

3. MCLAUGHLIN EXPLAINED THAT WHILE THE HEAD OFFICE OF ROYAL BANK IS LOCATED IN MONTREAL, ONLY TEN PERCENT OF THE BANK'S BUSINESS IS DONE IN QUEBEC. YET HE ESTIMATED THAT HEAD OFFICE OPERATIONS, FINANCED PREDOMINANTLY BY THE 90 O/O OF ROYAL'S BUSINESS DONE

OUTSIDE QUEBEC, CONTRIBUTE APPROXIMATELY A QUARTER OF A BILLION DOLLARS ANNUALLY TO ECONOMIC ACTIVITY IN QUEBEC. (DIRECT EXPENDITURES TOTAL BETWEEN DOLS 75 AND DOLS 100 MILLION, WITH THE REMAINDER REPRESENTING SECONDARY EXPENDITURES).

4. AS FOR THE LANGUAGE OF BUSINESS, MCLAUGHLIN EXPLAINED THAT QUEBEC DISTRICT OPERATIONS ARE CONDUCTED IN THE LANGUAGE OF THE CUSTOMER, BUT THAT HEAD OFFICE OPERATIONS BY NECESSITY ARE CONDUCTED IN ENGLISH. BASIC REALITY, MCLAUGHLIN SAID, IS THAT MOST OF INTERNATIONAL BUSINESS, PARTICULARLY IN BANKING, IS CONDUCTED IN ENGLISH. REFERRING TO OPERATION OF ROYAL BANK'S HEAD OFFICE IN MONTREAL, MCLAUGHLIN SAID THAT ABILITY TO OPERATE IN ENGLISH IS AN ESSENTIAL CONDITION. BUT BEYOND THIS, THERE MUST BE AN ENVIRONMENT WHICH IS CONDUCIVE TO OPERATIONS OF A HEAD OFFICE. HERE MCLAUGHLIN REFERRED SPECIFICALLY TO COMMUNITY AND SCHOOL ENVIRONMENT. EVEN THOUGH THERE MAY BE LIBERAL PROVISIONS UNDER NEW LANGUAGE LEGISLATION TAKING SPECIAL ACCOUNT OF HEAD OFFICES, A NEGATIVE COMMUNITY ENVIRONMENT WOULD MAKE IT DIFFICULT FOR HEAD OFFICES TO ATTRACT KEY PERSONNEL TO QUEBEC. AS FOR POLICY PROPOSED IN GOVERNMENT'S WHITE PAPER, MCLAUGHLIN SAID HE DID NOT THINK IT WOULD BE LIKELY TO ENCOURAGE HEAD OFFICES TO ESTABLISH OR EVEN TO REMAIN IN MONTREAL.

5. IN THE FORTHCOMING DEBATE ON SEPARATION, MCLAUGHLIN URGED THAT ALL PERSONS IN BUSINESS BEGIN TO SPEAK UP. ATTENTION SHOULD BE GIVEN TO POSSIBLE EFFECTS THAT EMOTIONALISM IN REST OF CANADA WILL HAVE ON QUEBEC'S DESIRE FOR ECONOMIC ASSOCIATION AND TO DIFFICULTIES ASSOCIATED WITH AN INDEPENDENT MONETARY POLICY. MCLAUGHLIN SAID THAT HE WOULD FIND IT HARD TO AVOID AN UNCLASSIFIED

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INDEPENDENT MONETARY POLICY, WERE HE AN ADVOCATE OF POLITICAL SOVEREIGNTY FOR QUEBEC, AS DETERMINATION OF MONETARY POLICY BY A FOREIGN CAPITAL IN OTTAWA WOULD STRIKE HIM AS AN UNACCEPTABLE LIMITATION OF INDEPENDENCE AND SOVEREIGNTY. UNDER SUCH CIRCUMSTANCES, MCLAUGHLIN SUGGESTED THAT PEOPLE WOULD DO WELL TO THINK ABOUT THE POSSIBILITIES OF EXCHANGE CONTROLS AND TRAVEL RESTRICTIONS THAT MIGHT ACCOMPANY A QUEBEC DOLLAR.

6. COMMENT: MCLAUGHLIN'S SPEECH, WHICH WAS RECEIVED WITH A STANDING OVATION, ARTICULATES THE CONCERNS WHICH HAVE OFTEN BEEN EXPRESSED TO US BY THE MONTREAL BUSINESS COMMUNITY. INTERFERENCE WITH HEAD OFFICE OPERATIONS WILL NOT BE TOLERATED, AND THERE IS LITTLE DOUBT THAT MOST OF MONTREAL'S LARGE FIRMS WOULD MOVE, SHOULD RESTRICTIONS BE PLACED ON THE USE OF ENGLISH IN HEAD OFFICES. IN THIS CONNECTION, WE WERE TOLD YESTERDAY THAT AT LEAST THIRTEEN MAJOR FIRMS ALREADY HAVE CONTINGENCY PLANS FOR SUCH A MOVE SHOULD PQ POLICY NOT TAKE HEED OF THE SPECIAL NEEDS OF HEAD OFFICES. IT WAS CALCULATED BY THIS SOURCE THAT ANNUAL LOSS, REPEAT ANNUAL, TO THE PROVINCE WOULD RUN "MORE THAN THE

ONE-TIME OLYMPIC DEFICIT OF DOLS 1.2 BILLION", SHOULD SUBJECT
MOVES MATERIALIZE.

7. MCLAUGHLIN'S WARNING OF THE NEED FOR A FAVORABLE COMMUNITY AND
EDUCATIONAL ENVIRONMENT WAS PERHAPS EVEN MORE IMPORTANT, HOWEVER,
AS IT IS RELEVANT EVEN IF SPECIAL ACCOUNT IS TAKEN IN LEGISLATION
OF THE NEEDS IN INTERNAL OPERATIONS OF HEAD OFFICES. FIRMS ARE
ALREADY ENCOUNTERING DIFFICULTIES IN TRANSFERRING EXECUTIVES, AND
IN RECRUITING NEW PERSONNEL, FOR MONTREAL ASSIGNMENTS, AND THERE
IS LITTLE ENCOURAGEMENT THAT SITUATION WILL IMPROVE IN THE FUTURE.
JUDGMENT IS RATHER THAT SITUATION WILL BECOME INCREASINGLY WORSE,
AS PERSONNEL OUTSIDE QUEBEC CONTINUE TO AVOID QUEBEC ASSIGNMENTS,
AND AS INCREASINGLY FRENCH UNILINGUAL PRODUCTS OF QUEBEC
SCHOOL SYSTEM MAKE IT MORE AND MORE DIFFICULT TO STAFF HEAD
OFFICES FROM WITHIN PROVINCE.

8. NOT UNEXPECTEDLY, PQ MINISTER OF CULTURAL DEVELOPMENT CAMILLE
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LAURIN REACTED STRONGLY TO MCLAUGHLIN'S SPEECH. LAURIN CHARGED
MCLAUGHLIN WITH SHOWING A HUMILIATING AND PATERNALISTIC ATTITUDE
TOWARDS FRENCH QUEBEC AND WITH EMPLOYING INTIMIDATION IN HIS
IMPLIED THREAT TO MOVE ROYAL'S HEAD OFFICES SHOULD LANGUAGE RE-
GULATIONS PROVE TOO RESTRICTIVE. CLAUDE RYAN OF LE DEVOIR FOUND
MCLAUGHLIN WANTING IN HIS UNDERSTANDING OF FRANCOPHONE CULTURAL
AND LINGUISTIC ASPIRATIONS, BUT CORRECT IN HIS ANALYSIS OF
ECONOMIC IMPLICATIONS OF WHITE PAPER PROPOSALS.
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